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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D. C. 20505

29 July 1980

National Intelligence Officers

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

VIA : Bruce C. Clarke, Jr.
Deputy Director, National Foreign Assessment

Richard Lehman
National Intelligence Officer for Warning

FROM : [REDACTED] 25X1
Assistant National Intelligence Officer for USSR-EE

SUBJECT : Monthly Warning Assessment: USSR-EE 25X1
(Meeting held on 22 July 1980) [REDACTED]

1. Afghanistan. [REDACTED] 25X1

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YUK! [REDACTED] Soviet incentives are probably high to stay additional inter- 25X1
national pressures, and therefore to continue to prosecute the insurgency
in the near-term without major increases in the number of forces. In this
connection the recent "withdrawal" was probably based on a Soviet expectation
that they would not increase their forces in Afghanistan dramatically in
the near future. The sensor system and the extensive mine fields which
the Soviets have installed near the Pakistani border are indicative of
the importance Moscow attaches to closing that border to infiltration.
It is too early to assess how effective these measures might be or how
much more extensively the Soviets will implement them. [REDACTED] 25X1

2. Iran. The sharp decline in Soviet-Iranian relations over the
past month appears to have bottomed out. But uncertainty and impasse
continue to characterize the bilateral relationship. A central question
to emerge from the recent period is whether the deterioration of the
relationship will precipitate a change in Soviet strategy toward Iran.
It was speculated that one option the Soviets could pursue is the
isolation of individuals and groups inimical to Soviet interests in

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the country and greater support for Leftist and potentially anti-regime elements like the Tudeh party. Such a strategy, however, risks incurring irreparable damage to the relationship, further repression of Leftist forces, and isolation of the Tudeh. For the time being the Soviets seem reluctant to abandon cautious policies which seek to establish influence with the Khomeini regime. ☐

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7. 3. Poland. The recent labor disturbances appear for the most part to have ended. The affected factories appear to be operating, although reports of scattered work stoppages continue. Labor disturbances may continue, however, as those workers who have not received wage increases thus far are likely to insist on them. The regime will continue to follow a conciliatory approach; average wage boosts of 10% have been granted to this point. While still worried about the situation, the leadership remains unified. The hands-off approach of the Soviets continues, the only public sign of disapproval being the unusually low-level Soviet representation at Poland's National Day Celebrations. The past four weeks constitute a watershed, but it is too early to project their political significance either for Polish internal affairs or for Polish-Soviet relations. With respect to Poland's onerous foreign debt, the balance of payments consequence of the disturbances are likely to be serious with a negative effect on output. ☐

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4. Yugoslavia. While the locus of political authority has been firmly fixed in the collective leadership, and while no one has to our knowledge questioned these arrangements, they remain in their detail the subject of apparent disagreement and negotiation. Defense Minister Ljubicic is reported to have elicited agreement that all high-level military appointments will be cleared by him. Further maneuvering for position is reflected in President Mijatovic's criticism of Stane Dolanc and Branko Mikulic for their alleged failure to address adequately with Tito before his death the ambiguities which now beset the collective leadership arrangements. The issue appears to be a pretext for an effort to undermine the political prospects of both men. Both the Ljubicic decision and the Mijatovic criticism reflect a more assertive posture of Serbian members of the leadership and may presage a pattern of cooperation on political issues among them. These two developments underscore how much the actual exercise of authority depends on bargaining and compromise among the country's top leaders. ☐

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One of the issues which the leadership may be forced to address in the near term is political dissidence. The recent request by some 60 Slovenian intellectuals for a journal free of official censorship, and the publication by Djlias of a book critical of Tito's wartime role are challenges which may oblige some response. The leadership has reacted cautiously to both of these events, probably in part out of concern for its image in the West. ☐

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Neither the leadership maneuvering nor the dissident activities have led to any departures in Yugoslavia's foreign or domestic policies or to any breakdown in leadership cohesion. All leaders continue to acknowledge the need for collective leadership and political balance. ☐

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CIA analysts conclude that Yugoslavia is on its way to resolving its serious foreign debt problem and will not encounter serious obstacles in

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obtaining financing. The Yugoslavs are apparently confident that foreign lenders are now lined up, and that doubts about Yugoslavia as a credit risk have dissipated. []

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5. Arms Control Issues. US forward based systems have emerged as the pivotal issue in the prospective NATO-Soviet dialogue on long-range TNF since the Schmidt-Brezhnev meeting. Soviet insistence on inclusion of US FBS in any preliminary talks is viewed as a means of exploiting European eagerness to begin talks to soften European positions on the inclusion of FBS. Soviet views on exactly what comprises US FBS or on their numbers are not clear from media commentary. The key Soviet goal remains to disrupt the NATO decision by political means. It is unlikely that Moscow will engage in serious arms limitation discussions at this stage. []

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With respect to MBFR, analysts conclude that the 10 July MBFR proposal in Vienna is designed essentially for political purposes, i.e., to underwrite Soviet efforts to keep detente alive in Europe and to generate European support for other Soviet arms control proposals. The Soviets have not offered any meaningful progress on the all-important data issue. []

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6. US Elections. Recent media commentary suggests that Moscow has reached no conclusions as to the outcome of the US elections. The Soviets have shown no inclination to support either of the major contenders in the Presidential race. Moderation of traditionally harsh criticism of Governor Reagan and his positions, however, shows that Moscow is beginning to contemplate a world in which they might have to deal with a Reagan Administration. []

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